



# CLIENTELE RETENTION MANAGEMENT STRATEGIES FOR HOSPITALS

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## ABSTRACT

Customer retention is a significant issue in many industries such as financial services, wireless, healthcare, and insurance. As companies work to acquire greater market share, they must focus on customer retention in order to sustain that growth.

### INTRODUCTION:

Health care organizations are becoming more customers oriented as patient satisfaction is increasingly recognized as an important quality improvement (QI) initiative and as meeting the needs of customers has become a goal of many hospitals. It is no longer enough to ensure that patients are simply satisfied; rather, health care organizations must also strive to guarantee customer service excellence in daily operations. The importance of customer service has prompted many health care providers to make customer retention an important goal of their patient satisfaction programs.<sup>1</sup>

To support customer retention efforts, organizations can apply data mining to behavior patterns of customers who remain loyal and those who defect. Predictive models can be built to periodically and systematically score customers for their likelihood to leave. Armed with this insight, firms can target their retention marketing budget to those customers with the greatest attrition risk.

### Objectives:

1. To analyze the scope and effect of basic marketing techniques followed by hospitals for clientele retention.
2. To give suggestions to increase the clientele retention of the hospital.

### MATERIALS AND METHOD:

The study is descriptive study that has used text mining as a source of data. Text mining, sometimes alternately referred to as text data mining, roughly equivalent to text to text analytics, refers to the process of deriving high-quality information from texts, books and journals pertaining to client retention. Data analysis was through textual analysis.

### TEXTUAL ANALYSIS AND DISCUSSION:

#### Customer Retention:

Customer retention is the maintenance of continuous trading relationships with customers over the long term. Customer retention is the mirror image of customer defection or churn. High retention is equivalent to low defection.

#### Conventionally, customer retention is defined as:

It is difficult to exactly define customer retention as it is a variable process. A basic definition could be 'customer retention is the process when customers continue to buy products and services within a determine time period'.<sup>2</sup>

Customer retention is a strategic process to keep or retain the existing customers and not letting them to diverge or defect to other suppliers or organization for business and this is only possible when there is a quality relationship between customer and supplier.

#### Expectations of Patient:

- Responding to patients' enquiry promptly
- Bridging the communication gap between patients and medical personnel
- Becoming more friendly and understanding to the problems of patients
- Maintaining cleanliness in the units, both internally and externally
- Providing regular report regarding the patients' progress without waiting for them to demand
- Providing grievance redressal system in the unit

- Conducting surveys to know about the attitude of the patients with regard to the employees
- Adopting patient-oriented policies and procedures
- Providing "USA" (Unique Service Advantage) treatment to the patients, i.e., extra and individual care
- Solving patient-related problems immediately
- Providing every type of essential facility.

#### Customer Retention Strategies:

The easiest way to grow customers is not to lose them

#### 1. Reducing Attrition:

Virtually every business loses some customers, but few ever measure or recognize how many of their customers become inactive. Most businesses, ironically, invest an enormous amount of time, effort and expense building that initial customer relationship. Then they let that relationship go unattended, in some cases even losing interest as soon as the sale been made, or even worse, they abandon the customer as soon as an easily remedied problem occurs, only to have to spend another small fortune to replace that customer. The easiest way to grow your business is not to lose your customers.

#### 2. Sell and then sell again:

So many people do an excellent job of making the initial sale, then drop the ball and get complacent, ignoring the customer, while they chase more business. When someone makes that initial purchase decision because virtually everyone is susceptible to buyer's remorse, customer is formed. To lock in that sale, and all of the referrals and repeat business that will flow from it, there's a need to show that you really care. Put a system in place to sell to them again, and again, constantly proving that they made the right decision.

#### 3. Bring back the "lost sheep":

There's little point in dedicating massive resources to generating new customers when 25-60% of your dormant customers will be receptive to attempts to regenerate their business if you approach them the right way, with the right offer. Reactivating customers who already know you and your product is one of the easiest, quickest ways to increase your revenues. Re-contacting and reminding them of your existence, finding out why they're no longer buying, overcoming their objections and demonstrating that you still value and respect them will usually result in a tremendous bounty of sales and drastically increased revenues in a matter of days ... and will lead to some of your best and most loyal customers.

#### 4. Frequent Communications Calendar:

Avoid losing your customers by building relationships and keeping in touch using a rolling calendar of communications. This is a programmed sequence of letters, events, phone calls, "thank you", special offers, follow-ups, magic moments, and cards or notes with a personal touch etc. that occur constantly and automatically at defined points in the pre-sales, sales and post-sales process. People not only respond to this positively, they really appreciate it because they feel valued and important. It acknowledges them, keeps them informed, offsets post-purchase doubts, reinforces the reason they're doing business with you and makes them feel part of your business so that they want to come back again and again.

### 5. Extraordinary Customer Service:

The never-ending pursuit of excellence to keep customers so satisfied that they tell others how well they were treated when doing business with you. Moving the product or service you deliver into the realm of the extraordinary by delivering higher than expected levels of service to each and every customer. Key facets include: dedication to customer satisfaction by every employee; providing immediate response; no buck passing; going above and beyond the call of duty; consistent on-time delivery; delivering what you promise before AND after the sale; a zero-defects and error-free-delivery process and recruiting outstanding people to deliver your customer service. Extraordinary service builds fortunes in repeat customers, whereas poor service will drive your customers to your competition.

### 6. Courtesy system:

A powerful system that improves the interpersonal skills of your team and changes the spirit of your organization. It involves speaking to colleagues politely and pleasantly, without sarcasm or parody, and treating them at least as well as you would want them to treat your customers. This will help your team to feel worthwhile and important, which makes for pleasant social contacts at work. It also motivates them to provide extraordinary service, encourages them to be consistently pleasant in all of their dealings and to relate to customers in a warm, human and natural manner. This results in better, warmer, stronger, more trusting relationships and longer term bonds with your customers.

### 7. Product or service integrity:

Long-term success and customer retention belongs to those who do not take ethical shortcuts. There must always be total consistency between what you say and do and what your customers' experience. The design, build quality, reliability and serviceability of your product or service must be of the standard your customers want, need and expect. Service integrity is also demonstrated by the way you handle the small things, as well as the large. Customers will be attracted to you if you are open and honest with them, care for them, take a genuine interest in them, don't let them down and practice what you preach ... and they will avoid you if you don't.

### 8. Measure lifetime value:

There's a vast difference between the one-off profit you might make on an average sale, which ignores the bigger picture, and the total aggregate profit your average customer represents over the lifetime of their business relationship with you. Once you recognize how much combined profit a customer represents to your business when they purchase from you again and again, over the months, years or decades, you'll realize the critical importance of taking good care of your customers. And because you'll understand just how much time, effort and expense you can afford to invest in retaining that customer, you'll be in control of your marketing expenditure.

### 9. A complaint is a gift:

96 percent of dissatisfied customers don't complain. They just walk away, and you'll never know why. That's because they often don't know how to complain, or can't be bothered, or are too frightened, or don't believe it'll make any difference. Whilst they may not tell you what's wrong, they will certainly tell plenty of others. A system for unearthing complaints can therefore be the lifeblood of your business, because customers who complain are giving you a gift, they're still talking to you, they're giving you another opportunity to return them to a state of satisfaction and delight them and the manner in which you respond gives you another chance to show what you're made of and create even greater customer loyalty.

### 10. CRM Systems:

It includes:

#### I. Customer delight:

It is very difficult to build long-term relationships with customers if their needs and expectations are not understood and well met. It is a fundamental precept of modern customer management that companies should understand customers, and then acquire and deploy resources to ensure their satisfaction and retention. This is why CRM is grounded on detailed customer-related knowledge. Customers that you are not able to serve well may be better served by your competitors.

Delighting customers, or exceeding customer expectations, means going beyond what would normally satisfy the customer. This does not necessarily mean being world-class or best-in-class. It does mean being aware of what it usually takes to satisfy the customer and what it might take to delight or pleasantly surprise the customer. Consistent efforts to delight customers show your commitment to the relationship.

Commitment builds trust. Trust begets relationship longevity. Customer delight occurs when the customer's perception of their experience of doing business with you exceeds their expectation. In formulaic terms:

$$CD = P > E$$

where  
CD - customer delight,  
P - perception  
E - expectation.

This formula implies that customer delight can be influenced in two ways: by managing expectations or by managing performance.

In most commercial contexts customer expectations exceed customer perceptions of performance. In other words, customers can generally find cause for dissatisfaction.

However, competitors may well be improving their performance in an attempt to meet customer expectations. If your strategy is to manage expectations down, you may well lose customers to the better performing company. This is particularly likely if you fail to meet customer expectations on important attributes. Customers have expectations of many attributes.

#### II. Add customer-perceived value:

The second major positive customer retention strategy is to add customer perceived value. Companies can explore ways to create additional value for customers. The ideal is to add value for customers without creating additional costs for the company. If costs are incurred then the value-adds may be expected to recover those costs. For example, a customer club may be expected to generate a revenue stream from its membership.

There are three common forms of value-adding program : loyalty schemes, customer clubs and sales promotions.

#### a) Loyalty schemes:

Loyalty schemes reward customers for their patronage. Loyalty schemes or programs can be defined as follows:

A loyalty program is a scheme that offers delayed or immediate incremental rewards to customers for their cumulative patronage. The more a customer spends, the higher the reward.

Loyalty programs provide added value to consumers at two points, during credit acquisition and at redemption. Although the credits have no material value until they are redeemed, they may deliver some pre-redemption psychological benefits to customers, such as a sense of belonging and of being valued, and an enjoyable anticipation of desirable future events. At the redemption stage, customers receive both psychological and material benefits. The reward acts to positively reinforce purchase behavior. It also demonstrates that the company appreciates its customers. This sense of being recognized as valued and important can enhance customers' overall sense of well-being and emotional attachment to the firm. However, customers can become loyal to the scheme, rather than to the company or brand behind the scheme.

Loyalty schemes are not without critics. Critics question their cost and effectiveness. Certainly, they can be very expensive to establish and manage. In respect of operating costs, retail schemes typically reward customers with a cash rebate or vouchers equivalent to 1 per cent of purchases.

One major concern is that loyalty schemes may not be creating loyalty at all. Loyalty takes two forms: attitudinal and behavioral loyalty.

Attitudinal loyalty is reflected in positive affect towards the brand or supplier. Behavioral loyalty is reflected in purchasing behavior.

#### b) Customer clubs:

Customer clubs have been established by many organizations. A customer club can be defined as follows:

A customer club is a company-run membership organization that offers a range of value-adding benefits exclusively to members.

The initial costs of establishing a club can be quite high, but thereafter most clubs are expected to cover their operating expenses and, preferably, return a profit. Research suggests that customer clubs are successful at promoting customer retention.

To become a member and obtain benefits, clubs require customers to register. With these personal details, the company is able to begin interaction with customers, learn more about them, and develop offers and services for them. Clubs can only succeed if members experience benefits they value. Club managers can assemble and offer a range of value-adding services and products that, given the availability of customer data, can be personalized to segment or individual level. Among the more common benefits of club membership are access to member only products and services, alerts about upcoming new and improved products, discounts, magazines and special offers.

#### c) Sales promotions:

Whereas loyalty schemes and clubs are relatively durable, sales promotions offer only temporary enhancements to customer value. Retention-oriented sales promotions encourage the customer to repeat purchase, so the form they take is different. Here are some examples.

- In-pack or on-pack voucher

- Rebate or cash back
- Patronage awards
- Free premium for continuous purchase
- Collection schemes
- Self-liquidating premium<sup>4</sup>.

### 11. Bonding:

The next positive customer retention strategy is customer bonding. B2B researchers have identified many different forms of bond between customers and suppliers. These include interpersonal bonds, technology bonds, legal bonds and process bonds. These different forms can be split into two major categories: social and structural.

#### I. Social bonds:

Social bonds are found in positive interpersonal relationships between people on both sides of the customer-supplier dyad. Positive interpersonal relationships are characterized by high levels of trust and commitment. Successful interpersonal relationships may take time to evolve, as uncertainty and distance are reduced. As the number of episodes linking customer and supplier grow, there is greater opportunity for social bonds to develop. Suppliers should understand that if they act opportunistically or fail to align themselves to customer preferences, trust and confidence will be eroded.

#### II. Structural bonds:

Structural bonds are established when companies and customers commit resources to a relationship. Generally, these resources yield mutual benefits for the participants. Resources committed to a relationship may or may not be recoverable if the relationship breaks down.

A key feature of structural bonding is investment in adaptations to suit the other party. Suppliers can adapt any element of the offer – product, process, price and inventory levels, for example – to suit the customer.

Customers, on the other hand, also make adaptations.

All are characterized by an investment of one or both parties in the other:

- *Financial*: where the seller offers a financial inducement to retain the customer.
- *Legal*: when there is a contract or common ownership linking the relational partners.
- *Equity*: where both parties invest in order to develop an offer for customers.
- *Knowledge-based*: when each party grows to know and understand the other's processes and structures, strengths and weaknesses.
- *Technological*: when the technologies of the relational partners are aligned.
- *Process*: when processes of the two organizations are aligned.
- Values-based
- Geographic
- *Project*: when the partners are engaged in some special activity outside of their normal commercial arrangements..
- *Multi-product*: when a customer buys several products from a supplier, the bond is more difficult to break.

These bonding are done by using following strategies:

- Blogs
- Magic Moments
- Overcome Buyers' Remorse
- Personal Touches
- Premiums and Gifts
- Questionnaires and Surveys
- Regular Reviews
- Social Media
- Welcome Book

### 12. Build customer engagement:

The final positive strategy for building customer retention is to build customer engagement. Highly engaged customers have levels of emotional or rational attachment or commitment to a brand, experience or organization that are so strong that they are highly resistant to competitive influence.

The terms engagement, attachment and commitment tend to be used interchangeably to describe this phenomenon.

### 13. Branding Matters!:

Now marketing is almost a necessity. The marketplace is much more competitive and every healthcare organization is jockeying for an advantage.

Branding should be a priority for healthcare organizations.

1. Strong healthcare brands control their own destinies
2. A clear brand position aligns physicians and staff<sup>[1]</sup>
3. Brand tools ensure consistent communications<sup>[2]</sup>
4. Branding supports multichannel and social media initiatives

While healthcare entities build larger and nicer facilities, negotiate strategic alliances, offer niche services, streamline operations and adopt technologies for greater efficiencies and a host of other strategies for the purpose of creating a marketing advantage, branding must also be an important consideration. All of the above strategies can help shape a brand but it's also true that these same strategies can result in failure if there is not a strong brand behind the efforts.

### 14. Advertising:

Hospitals in India hardly advertise. Advertising for a hospital can be a critical investment, which allows it to differentiate its services, educate customers about its core beliefs, introduce new products and services and help gain new customers.

Here are a few reasons, why hospitals should look at their advertising a lot more seriously and spend money wisely in connecting with their customers.

- **Core Beliefs and Positioning:** A hospital must advertise its core beliefs through a well thought of brand campaign. It is imperative for customers to know what their hospital stands for, what its core values are and how does it strive to stay true to those beliefs.
- **Products and Services:** A hospital offers a multitude of services. Customers need to know about them and hence advertising is a good way of keeping customers informed.
- **Renewing Existing Services:** Sometimes it is necessary that a hospital 're-new' its existing services.
- **Driving Traffic:** Hospitals can drive traffic to their OPD's through innovative offers.
- **Educating Customers:** The objective should be to inform the customers, help them ask the right questions and thus make the right choices.

### 15. Pricing Healthcare Services:

The pricing of services in a hospital is perhaps one of the most complex and difficult exercise undertaken by the hospital managers. Many hospitals follow a 'market based' pricing model. Very few hospitals have a 'cost plus' pricing system. The cost is also invariably a function of the training and competence of the concerned doctors and medical staff attending on the patient. Prices in reach of patients help them to stay with the hospital for long<sup>4</sup>.

### CONCLUSION:

The customer lifecycle is made up of three core customer management processes: customer acquisition, customer retention and customer development.

A customer retention strategy aims to keep a high proportion of valuable customers by reducing customer defections, and a customer development strategy aims to increase the value of those retained customers to the company. Just as customer acquisition is focused on particular prospects, retention and development also focus on particular customers. Focus is necessary because not all customers are worth retaining and not all customers have potential for development.

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